

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6346

BILL NUMBER: SB 128

NOTE PREPARED: Feb 23, 2012

BILL AMENDED:

SUBJECT: Administration of Public Retirement Plans.

FIRST AUTHOR: Sen. Walker

FIRST SPONSOR: Rep. Burton

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires that the Indiana Public Retirement System (INPRS) pay the direct and indirect costs of the State Board of Accounts' (SBOA) examination of the public pension and retirement funds administered by INPRS. (Currently, only the Teachers' Retirement Fund is required to pay these costs.)

The bill urges the assignment to the Pension Management Oversight Commission the study of a reporting system for retirement plans of the state or a political subdivision not administered by INPRS. (Under current law, these plans must report to the Public Employees' Retirement Fund (PERF) information necessary for the PERF actuary to perform an actuarial valuation of the plan.)

Effective Date: July 1, 2012.

Explanation of State Expenditures: The bill requires INPRS to pay the costs of the SBOA's annual examinations of the retirement funds administered by the system. Under current law, the Teacher's Retirement Fund is required to cover the costs of examination; however, examination costs for PERF and other funds under INPRS are currently paid for by SBOA. Based on historical costs of examination from SBOA, this bill would shift approximately \$120,000 in examination costs annually from SBOA to INPRS.

The study of a reporting system for certain retirement plans would be done by the Pension Management Oversight Commission within their budget as determined by the Legislative Council.

Background: INPRS does not currently evaluate retirement plans that are not part of the system despite the

requirement in current law. They are prevented from collecting the data and doing the analysis due to an exclusive benefit restriction under current law which prevents INPRS from using its funds to perform actuarial evaluations of funds that it does not administer.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: INPRS; State Board of Accounts.

Local Agencies Affected: Units with members in funds administered by INPRS.

Information Sources: Steve Russo, Executive Director, INPRS; Paul Joyce, Deputy State Examiner, SBOA.

Fiscal Analyst: Camille Tesch, 232-9866.